

An Exploratory Study On Consumers' Selection Of Australian Regional Travel Agencies

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Abstract

The research reported in this paper explores why regional consumers choose to book their travel arrangements with travel agencies. Consumers can now access on-line bookings for airlines, accommodation, transportation, sightseeings tours and other related products so why do they still go to travel agencies for reservations? This paper identifies the attributes which consumers seek in a travel agent or consultant and determines the relative importance of these in their selection process. The research will be conducted in two stages. The first stage has been completed and was a series of in-depth interviews with 10 users of regional travel agencies and three travel agency consultants. The second stage will be a mail-out survey of travel agencies in the Darling Downs area of Queensland, Australia. Despite its locality, the region is a significant consumer of travel with approximately eight retail travel agencies in the city of Toowoomba alone. The in-depth interviews highlighted the need to de-emphasize two particular agency attributes considered for inclusion in the survey for stage two. They were, agency promotion and adequate brochure provision which were deleted from the intended survey and replaced with parking and travel reward programs as factors worthy of investigation.

Introduction

The number of Australian residents travelling both domestically and internationally has increased substantially in recent years. However, the impact of the terrorist attacks on the World Trade Centre in New York, the demise of Ansett Airlines Australia, the Bali attack, the Severe Acute Respiratory Syndrome (SARS) outbreak, the bird flu and war in Iraq have attributed to a decline in both domestic and international travellers. This was particularly evident with 294.1 million nights spent by Australian travelling domestically in the year 2003, compared with 298.7 million nights in the year 2002, which represented a decrease of 1.5 per cent. Only 3.38 million Australians travelled overseas in 2003, which signified a decrease of 2.1 per cent on the year 2002 (Department of Industry, Tourism and Resources, 2004).

With the evolution of the internet, the use of on-line search facilities for travel information has provided additional sources of information and opportunities to purchase travel direct from suppliers such as airlines and accommodation providers without recourse to travel agents and in some instances at discounts to prices available through travel agencies by eliminating commissions for such agents (example the Flight Centres). Furthermore, the capacity of the internet to promote and provide information conveniently and quickly has offered alternatives to physical visits by consumers to travel agencies in order to access such information.

However, there is an apparent lack of research into the effects of such changes in the industry, particularly in the Australian regional context, and about the factors which drive consumer selection of travel agencies and if these pose a threat to existing travel agencies. If there is such a threat, then the research findings should assist conventional travel agencies in identifying the major factors influencing consumer selection of regional travel agencies.

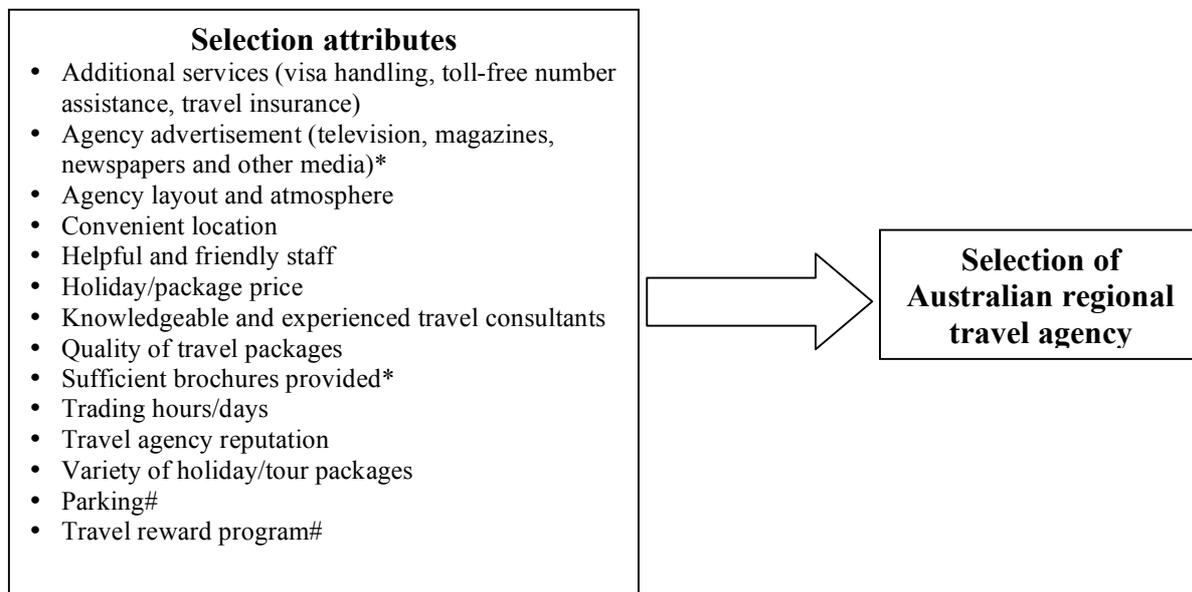
Hence, this paper will present the first of a two stage research to identify *the major factors driving consumers' selection of Australian regional travel agencies*.

This paper begins by reviewing the literature relevant to the research issue and then discusses the methodology including the data collection techniques used in researching this issue. Next the findings are presented and these are followed by the conclusions drawn from the research.

Preliminary model

Current literature reveals that there are limited studies conducted on the selection of regional travel agencies although travel agencies have been regarded as critical information and planning or booking providers for a large number of travellers (Duke and Persia, 1993; Mihalik, Uysal and Pan, 1995). Other studies have also investigated several different aspects of travel agencies which include; information technology needs (Bennett, 1993), travel agent's role in family decision-making (Michie and Sullivan, 1990), advertising strategies (Laskey, Seaton and Nicholls, 1994), intangible nature of buying tourism services (Richardson, 1996; Weaver and Oppermann, 2000), effective use of relationship marketing (Bennett, 1993; Richter, 1996) and the selection attributes of travel agencies (Meidan, 1979; Oppermann, 1998; Persia and Gitelson, 1993). However, very few studies have been carried out in Australia, particularly in the South-East Queensland region, which is the key focus of this paper.

Figure 1: Preliminary model on the selection of Australian regional travel agency



Source: Meidan, 1979; Persia and Gitelson, 1993

Note: Based on the in-depth interview findings, attributes with a (*) were not regarded as important to the selection of Australian regional travel agency whilst attributes with a (#) were added to the model as important selection attributes.

Based on the literature, a preliminary model (see Figure 1) was developed, comprising a comprehensive list of attributes derived from previous studies by Persia and Gitelson (1993) and Meidan (1979) who had extensively reviewed a wide range of different studies on selection attributes of travel agencies.

The literature suggested that *additional services* (such as visa handling and travel insurance) have been advertised as one of the key differentiating factors that differentiate one travel agency from another (Persia and Gitelson, 1993). This attribute was important, particularly in the travel agency business since it is a common belief in this business that customers from a competitor can be won over if an attractive list of free “extras” is offered (Persia and Gitelson, 1993). *Agency advertisement, knowledgeable and experienced travel consultants, and sufficient brochures* were important to consumers since they could consider the use of such information, opinions and suggestions provided to evaluate alternatives prior to making the purchase (Bellur, McNamara and Prokop, 1988; Gitelson and Crompton, 1983; Joint Travel Agent/Airline Economic and Value Study, 1978). The increasing public media attention and unsettling world events (such as the Bali attack, SARS outbreak and war in Iraq) had brought on major financial uncertainties for tour operators and travel agencies, which resulted in a need for consumers to evaluate the *travel agency’s reputation* as part of their selection process (Persia and Gitelson, 1993). The findings in several studies conducted (for example Kendall and Booms, 1989; Meidan, 1979) revealed that the physical aspects of agency (i.e. *agency layout and atmosphere, convenient location and trading hours/days*) were also regarded as a fundamental concern of travel agency users. The demand for holidays was considered to be price-elastic and therefore the *holiday/package price* could possibly determine a consumer’s choice of travel agency (Meidan, 1979). *Quality and variety of holiday/travel packages* were recognised as one of the most important selling point in the travel agency business and consumers could be potentially looking for such attributes in selecting their choice of a travel agency (Meidan, 1979). Finally, in the service oriented travel agency business, *helpful and friendly staff* could be central to the success of the transaction where integrating consumers’ participation becomes part of the process of delivering a positive outcome (Meidan, 1979; Persia and Gitelson, 1993).

Research methodology

Although the research for this study will be conducted in two stages, only the initial exploratory stage will be discussed in this paper. The exploratory stage took the form of in-depth interviews with 10 travellers (who have been screened prior to the interviews as using travel agents to book their trips) and three travel agency consultants, to investigate the appropriateness of those travel agencies selection attributes identified in the preliminary model. The selection of these 13 interviewees was based on convenience judgement sampling, where interviewees were chosen through personal contacts or references from peers or colleagues (Malhotra, 1996; Patton, 1990). These interviewees were invited to share their experiences, opinions and attitudes to provide a better understanding of those factors influencing their selection, purchase of travel products and repeat visitation behaviour. These interviews also revealed the level of satisfaction that interviewees (only applicable to the 10 travellers) have with their respective travel agencies. In addition, the following objectives were addressed and additional insights from interviewees were also sought.

- To determine the relevance of the current literature about the research issue in the Australian regional context;
- identify and evaluate attributes which existing travel agencies need to develop in order to retain existing customers and attract new customers; and
- assist in the questionnaire design and hypotheses to be developed for the second stage of this research.

The interviews were semi-structured in nature where the discussion was flexible and informal, thereby allowing the interviewer to gain an in-depth understanding of the topic and achieve the aforementioned objectives. An interview protocol consisting of several open-ended questions was used as a guide in the interviewing process, to ensure all required issues were addressed. The exploratory findings of this research will be addressed next.

Results

The interviewees were predominantly more female (61.5 per cent) than male (38.5 per cent) with the majority of them married (69 per cent) with no dependents (54 per cent) in their household. The age groups and the annual household income groups obtained in the interviews were evenly spread across their respective categories. Majority (61.5 per cent) of the interviewees travelled more than five times a year, domestically and internationally.

Based on the findings of the in-depth interviews, some changes to the preliminary model were identified. Two attributes (agency advertisement and sufficient brochures provided) could possibly be omitted from the model since they were not mentioned by any of the in-depth interview respondents. In contrast, two additional attributes (parking and travel reward programmes) could be included in the model for further investigation in the second stage of the research as they were mentioned by more than 50 per cent of the interviewees. These attributes highlighted in the in-depth interviews will then be used in stage two of this research to determine their relative importance in the selection of a travel agency.

The findings in the exploratory stage supported 10 of the 12 attributes developed in the preliminary model as influencing a consumer's selection of Australian regional travel agencies. All interviewees agreed that *helpful and friendly staff* who provide excellent service to their customers is not only critical in selecting regional travel agencies but have also been rated highly for future repeat visitations. *Knowledgeable and experienced travel consultants* who provide valuable advice to the customers were also regarded as an important attribute to the selection of travel agencies. Customers valued the opinions provided by these consultants and at times rely heavily on their advice to make travelling decisions. *Additional services* (such as visa-handling and travel insurance) provided by travel agencies were another attribute that customers look for when selecting their travel agencies. This attribute was particularly important in regional Australia since the offering of such services might be limited and could possibly result in discouraging customers from travelling.

Interviewees suggested that travel agencies were providing a service to them and due to its intangible nature; it was difficult to assess and determine the quality prior to using it. Therefore, any tangible physical evidence such as the agency's *layout and atmosphere* would assist customers in evaluating the travel agencies. Interviewees also agreed that *convenient location, parking and trading hours/days* were important to their selection of Australian regional travel agencies, particularly with their long working hours (Simkin, 1999). The *quality, price and variety of holiday/travel packages* were regarded as essential considerations for the interviewees when selecting their regional travel agencies. Interviewees suggested that they would prefer to be able to choose from a variety of holiday packages from one travel agency and not have to visit other travel agencies for other available holiday packages. In addition, interviewees also mentioned that they were looking for quality holiday packages at a reasonable price.

Travel reward programmes (such as Fly Buys and Frequent Flyers) were also highlighted by the interviewees as an important selection attribute where these programmes were regarded as a value added feature by consumers. These programmes were not only beneficial to consumers by allowing them to accumulate points in exchange for rewards at a later stage, but also helped travel agencies to boost their sales by ‘add selling’ to the client. The terrorist attacks, health warnings and recent war have greatly affected the travel industry which has resulted in a number of travel agencies going bankrupt due to the then dramatic decrease in the number of people travelling. In addition, the evolution of the internet has also seen a growing number of internet websites that offer travel but were not necessarily licensed, thus resulting in consumers being sceptical about these web only travel agencies. Consequently, interviewees stressed the importance of a *travel agency’s reputation* as another critical attribute in their selection of regional travel agencies. Based on this, consumers were more likely to favour reputable and well established travel agencies over those that were either recently setup or operate ‘virtually’ on the internet only.

Conclusions, implications and limitations

In conclusion, this paper has developed 12 major factors influencing consumers’ choice of regional travel agencies. In developing these factors there were two which the interviewees discussed as being important and needing to be included. They were parking availability and travel reward programs. These factors will now be used in stage two of the research when a questionnaire will be mailed to users of travel agencies in the Darling Downs region of Queensland, Australia to determine the importance of each factor to the consumer.

From the findings, it appeared that travel agencies should select helpful and friendly staff who were willing to share their valuable knowledge and experiences with the customers and emphasized the importance of training so that this attribute could stand out and “win” new customers whilst retaining existing customers. Not only travel agencies needed to rely on the physical evidence (agency’s layout and atmosphere) to develop a positive image that conveys quality service for their intangible service provided, but customers were also seeking a one-stop shop that enables customers to make all necessary travel arrangements at one location. The social trend on long working hours in Australia has prompted travel agencies to consider positioning themselves in convenient locations (such as shopping malls) and to extend their trading hours and days to accommodate Australian’s busy working life.

The perceived importance of quality, price and variety of holiday packages suggested that travel agencies should consider offering a range of holiday packages that would suit the needs of their customers and give customers the option to tailor their packages. It is noted that most agencies provide these services, however there are niche or specialised travel agencies which rely solely on for example, the cruise market. These travel agencies would need to consider what is best for their market i.e. to remain a ‘specialist’ or to be a ‘generalist’ in the travel industry. Lastly, travel agencies should work to build on their reputation and use the internet as a compliment to their agency.

This study investigated only the Darling Downs region in Australia and further conclusive explanatory research is needed to be able to provide a more generalisable model of the factors influencing the choice of travel agencies. Comparisons to the findings could also be made to determine if any significance existed between metropolitan, rural and regional settings on the factors influencing the choice of travel agencies.

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